



OLD DOMINION UNIVERSITY

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2017

Auditor of Public Accounts
Martha S. Mavredes, CPA

www.apa.virginia.gov

(804) 225-3350



AUDIT SUMMARY

We have audited the basic financial statements of Old Dominion University as of and for the year ended June 30, 2017, and issued our report thereon, dated May 31, 2018. Our report, included in the University's Financial Statements, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at the University's website at www.odu.edu. Our audit found:

- the financial statements are presented fairly, in all material respects;
- one internal control finding requiring management's attention; however, we do not consider it to be material weaknesses; and
- one instance of noncompliance or other matter required to be reported under Government Auditing Standards.

The internal control finding and instance of noncompliance referenced above resulted from our follow-up testing over federal Student Financial Aid performed in accordance with the U.S. Office of Management and Budget Uniform Guidance Compliance Supplement.

–TABLE OF CONTENTS–

Pages

AUDIT SUMMARY

INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

1

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

2-4

UNIVERSITY RESPONSE

5-6

UNIVERSITY OFFICIALS

7

INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Improve Enrollment Reporting Process

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: Partial

Old Dominion University (University) personnel did not accurately report student status changes to the National Student Loan Data System (NSLDS) in accordance with the Higher Education Act of 1956 (HEA) and the NSLDS Enrollment Reporting Guide for students who withdrew, graduated, or earned a 0.0 grade point average during the Fall 2017 semester. For 19 out of 25 students reviewed, we found a range of deficiencies including inaccurate reporting of enrollment status and related effective dates, and untimely reporting of student status changes. A majority of deficiencies identified in the prior year pertained to untimely reporting of students that unofficially withdrew during a semester. The NSLDS recently issued clarified guidance on this issue, and accordingly we did not identify exceptions related to the timeliness of reporting students that qualified as unofficial withdrawals. Of the deficiencies we did find, the underlying cause of the errors is indeterminate.

Under the provisions of the HEA, the Department of Education's regulations in 34 CFR §674.19, §682.610, §685.309 and §690.83, and related guidance, schools are required to confirm and report the enrollment status of students who receive Title IV federal student aid. In accordance with the NSLDS Enrollment Reporting Guide Section 2.4, schools must match the Enrollment Reporting Roster file received from NSLDS to student records maintained at the school. For each record, the school must confirm either that the current information provided by NSLDS is still valid or update the enrollment status to the correct value.

A student's enrollment status determines eligibility for in-school status, deferment, and grace periods as well as for the Department of Education's payment of interest subsidies to FFEL program loan holders. The accuracy of Title IV student loan records depends heavily on the enrollment information reported by schools. Universities must review, update, and verify student enrollment statuses, effective dates of the enrollment status, and anticipated completion dates in order to ensure the accuracy of the student loan records maintained by the NSLDS.

Management should perform a comprehensive review of current enrollment reporting policies and procedures and implement corrective action to prevent future noncompliance. Management should also consider implementing a quality control review process to monitor the submission of enrollment batches.



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

May 31, 2018

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Thomas K. Norment, Jr.
Chairman, Joint Legislative Audit
and Review Commission

Board of Visitors
Old Dominion University

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component units of **Old Dominion University** (the University) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated May 31, 2018. Our report includes a reference to other auditors. We did not consider internal controls over financial reporting or test compliance with certain provisions of laws, regulations, contracts, and grant agreements for the financial statements of the component units of the University, which were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a deficiency in internal control over financial reporting entitled "Improve Enrollment Reporting Process," which is described in the section titled "Internal Control and Compliance Findings and Recommendations," that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the section titled "Internal Control and Compliance Findings and Recommendations," in the finding entitled "Improve Enrollment Reporting Process."

The University's Response to Findings

We discussed this report with management at an exit conference held on May 30, 2018. The University's response to the findings identified in our audit is described in the accompanying section titled "University Response." The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Status of Prior Findings

The University has not taken adequate corrective action with respect to the previously reported finding "Improve Enrollment Reporting Process." Accordingly, we included this finding in the section entitled "Internal Control and Compliance Findings and Recommendations." The University has taken

adequate corrective action with respect to the audit finding reported in the prior year that is not repeated in this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Audit Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AUDITOR OF PUBLIC ACCOUNTS

LDJ/clj



VICE PRESIDENT FOR ADMINISTRATION AND FINANCE
NORFOLK, VIRGINIA 23529 0014
PHONE: (757) 683 3464

June 5, 2018

Ms. Martha S. Mavredes, CPA
Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

Dear Ms. Mavredes:

We have reviewed the audit findings and recommendations resulting from the fiscal year 2017 audit by the Auditor of Public Accounts (APA) and discussed during the exit conference.

Old Dominion University acknowledges the audit findings. The following contains the APA findings and management's response to the concerns and issues raised.

APA Finding – Improve Enrollment Reporting Process

Old Dominion University (University) personnel did not accurately report student status changes to the National Student Loan Data System (NSLDS) in accordance with the Higher Education Act of 1956 (HEA) and the NSLDS Enrollment Reporting Guide for students who withdrew, graduated, or earned a 0.0 grade point average during the Fall 2017 semester. For 19 out of 25 students reviewed, we found a range of deficiencies including inaccurate reporting of enrollment status and related effective dates, and untimely reporting of student status changes. A majority of deficiencies identified in the prior year pertained to untimely reporting of students that unofficially withdrew during a semester. The NSLDS recently issued clarified guidance on this issue, and accordingly we did not identify exceptions related to the timeliness of reporting students that qualified as unofficial withdrawals. Of the deficiencies we did find, the underlying cause of the errors is indeterminate.

Under the provisions of the HEA, the Department of Education's regulations in 34 CFR §674.19, §682.610, §685.309 and §690.83, and related guidance, schools are required to confirm and report the enrollment status of students who receive Title IV federal student aid. In accordance with the NSLDS Enrollment Reporting Guide Section 2.4, schools must match the Enrollment Reporting Roster file received from NSLDS to student records maintained at the school. For each record,

Ms. Martha S. Mavredes, CPA
June 5, 2018
Page Two

the school must confirm either that the current information provided by NSLDS is still valid or update the enrollment status to the correct value.

A student's enrollment status determines eligibility for in-school status, deferment, and grace periods as well as for the Department of Education's payment of interest subsidies to FFEL program loan holders. The accuracy of Title IV student loan records depends heavily on the enrollment information reported by schools. Universities must review, update, and verify student enrollment statuses, effective dates of the enrollment status, and anticipated completion dates in order to ensure the accuracy of the student loan records maintained by the NSLDS.

Management should perform a comprehensive review of current enrollment reporting policies and procedures and implement corrective action to prevent future noncompliance. Management should also consider implementing a quality control review process to monitor the submission of enrollment batches.

Management's Response

Old Dominion University takes very seriously our financial and reporting obligations and has been using the nationally accepted practice for enrollment reporting required for the National Student Clearinghouse. As we await clarification from Department of Education officials, we will review our processes and determine how they can be modified to comply with the auditors' interpretation of the NSLDS guidelines. ODU is committed to resolving this matter and will do everything possible to address the audit findings.

Sincerely,



Gregory DuBois
Vice President for Administration
and Finance

OLD DOMINION UNIVERSITY

As of June 30, 2017

BOARD OF VISITORS

Carlton F. Bennett, Rector

Yvonne T. Allmond

Bruce Bradley

Richard T. Cheng

Alton J. Harris

Michael J. Henry

Larry R. Hill

Mary E. Maniscalco-Theberge

Toykea S. Jones

Kay A. Kemper

Ross A. Mugler

Frank Reidy

Donna L. Scassera

William D. Sessoms, Jr.

Lisa B. Smith

Robert M. Tata

Fred J. Whyte

OFFICIALS

John R. Broderick, President

David F. Harnage, Chief Operating Officer

Augustine O. Agho, Provost and Vice President for Academic Affairs

Alonzo C. Brandon, Vice President for University Advancement

Morris W. Foster, Vice President for Research

Ellen J. Neufeldt, Vice President for Student Engagement and Enrollment Services

September C. Sanderlin, Vice President for Human Resources